



Consolidated Financial Results
for the First Six Months of the Fiscal Year Ending March 31, 2023 [J-GAAP]

November 11, 2022

Company Name: Dai Nippon Printing Co., Ltd.
Stock exchange listing: Tokyo
Stock code: 7912 URL: <http://www.dnp.co.jp/eng/>
Representative: Yoshinari Kitajima, President
Contact person: Naoki Wakabayashi,
 General Manager, IR and Public Relations Division
Telephone: +81-3-6735-0124
Securities report issuing date: November 11, 2022
Dividend payment date: December 9, 2022
Preparation of quarterly earnings presentation material: Yes
Holding of quarterly results briefing: Yes (for institutional investors and analysts)

(Amounts under one million yen have been rounded down.)

1. Consolidated financial results for the first six months ended September 30, 2022
(April 1, 2022 – September 30, 2022)

(1) Consolidated financial results

(Percentages show change from corresponding year-ago period.)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Parent Company Shareholders	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2022	668,482	1.7	27,591	(10.5)	36,704	0.8	27,933	(17.4)
Six months ended September 30, 2021	657,168	1.9	30,831	75.5	36,423	67.1	33,812	195.7

Note: Comprehensive income: For the first six months ended September 30, 2022: ¥5,747 million (-92.9%)
 For the first six months ended September 30, 2021: ¥80,621 million (40.5%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Six months ended September 30, 2022	104.19	104.17
Six months ended September 30, 2021	122.26	122.23

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
As of September 30, 2022	1,815,226	1,137,624	59.4
As of March 31, 2022	1,876,647	1,148,413	58.2

Note: Stockholders' equity: As of September 30, 2022: ¥1,078,111 million As of March 31, 2022: ¥1,091,861 million

2. Dividends

	Annual Dividends (Yen)				
	First Quarter-end	Second Quarter-end	Third Quarter-end	Year-end	Total
Year ended March 31, 2022	–	32.00	–	32.00	64.00
Year ending March 31, 2023	–	32.00			
Year ending March 31, 2023 (Forecasts)			–	32.00	64.00

Note: Revisions to the most recently announced dividend forecasts during the second quarter: No

3. Consolidated earnings forecasts for the year ending March 31, 2023 (April 1, 2022 – March 31, 2023)

(Percentages show change from corresponding year-ago period.)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Parent Company Shareholders		Net Income per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	1,380,000	2.7	67,000	0.3	81,500	0.3	67,000	(31.1)	250.52

Note: Revisions to the most recently announced earnings forecasts during the second quarter: No

Other information

(1) Changes in significant subsidiaries during the second quarter (changes in specified subsidiaries resulting in change of scope of consolidation): No

(2) Application of accounting procedures peculiar to quarterly consolidated financial statement preparation: No

(3) Changes in accounting policies, changes in accounting estimates, and restatement of revisions

- | | |
|--|----|
| 1) Changes in accounting policies with revision of accounting standards: | No |
| 2) Changes in accounting policies other than the 1) above: | No |
| 3) Changes in accounting estimates: | No |
| 4) Restatement of revisions: | No |

(4) Number of common shares issued and outstanding

1) Number of common shares outstanding at end of each period (including treasury shares)	As of September 30, 2022	317,240,346 shares	As of March 31, 2022	317,240,346 shares
2) Number of treasury shares at end of each period	As of September 30, 2022	50,546,023 shares	As of March 31, 2022	48,175,114 shares
3) Average number of shares outstanding during the period (cumulative from the start of the fiscal year)	Six months ended September 30, 2022	268,094,803 shares	Six months ended September 30, 2021	276,566,978 shares

* These financial results are exempt from auditing by a certified public accountant or an auditing company.

* Explanation regarding appropriate use of earnings forecasts and other special notes

Forward-looking statements in this report, including earnings forecasts, are based on assumptions about economic conditions, market trends, and other factors at the time the report was published. Actual results may differ significantly due to a variety of factors.

For information about earnings forecasts, see the section titled, "1. Qualitative information on the consolidated results for the second quarter (3) Explanation of the consolidated earnings forecasts and other projections," on page 4.

The DNP Group will hold a results briefing (conference call) for institutional investors and analysts on November 16, 2022. Materials used at the briefing will be uploaded to the DNP website at around 14:00 JST the same day.

Contents

1. Qualitative information on the consolidated results for the second quarter	2
(1) Explanation of the consolidated financial results	2
(2) Explanation of the consolidated financial position.....	4
(3) Explanation of the consolidated earnings forecasts and other projections	4
2. Quarterly consolidated financial statements and key notes	5
(1) Quarterly consolidated balance sheets	5
(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income.....	7
Quarterly consolidated statements of income	
First six months of the fiscal years	7
Quarterly consolidated statements of comprehensive income	
First six months of the fiscal years	8
(3) Quarterly consolidated statements of cash flows.....	9
(4) Notes regarding quarterly consolidated financial statements	11
[Notes on premise of a going concern]	11
[Significant changes in shareholders' equity].....	11
[Segment information]	11

1. Qualitative information on the consolidated results for the second quarter

(1) Explanation of the consolidated financial results

Business conditions surrounding the DNP Group in Japan during the first six months of the fiscal year ending March 2023 were marked by progress in pursuing economic activity alongside measures to prevent the spread of the novel coronavirus disease (hereafter COVID-19), as well as by continued decline in business confidence in the manufacturing sector due to factors like rising raw material costs. Many areas outside Japan were also affected by inflation and ensuing monetary tightening, causing their economies to show signs of slowdown. The outlook for the future is expected to become even more uncertain due to expectations for price hikes on many goods sold in Japan, in addition to the geopolitical risks posed by the situation in Ukraine and the prospect of prolonged inflation.

Rather than simply responding to these changes, the DNP Group strives to realize a better, more sustainable society and more fulfilling lifestyles by taking the initiative to institute reforms. By combining our unique strengths in printing and information (P&I) and forming deeper alliances with our many partners, we are working to resolve social issues and create the kind of innovative value that meets people's expectations. In particular, we designated businesses related to areas where we anticipate strong market growth and high profitability--the Internet of Things (IoT) and next-generation communications, data distribution, mobility, and the environment--to be "focus businesses" in which we concentrate and optimally allocate management resources. We are also working on structural reforms to enhance our competitiveness, and building a strong business portfolio.

As a result of these efforts, consolidated net sales for the first six months grew 1.7% year on year to ¥668.4 billion, consolidated operating income fell 10.5% to ¥27.5 billion, consolidated ordinary income grew 0.8% to ¥36.7 billion, and net income attributable to parent company shareholders fell 17.4% to ¥27.9 billion.

Business segment results are presented below.

[PRINTING]

Information Communication

In the Information Innovation business, sales of flyers and pamphlets decreased, but demand increased for IC cards issued by financial institutions and for "My Number" ID cards issued by the Japanese government, resulting in increased sales for the business as a whole.

In the Imaging Communication business, sales rose thanks to solid demand for materials and services related to photo shooting and printing, in European and Asian markets as well as in the mainstay U.S. market.

In the Publishing business, sales decreased due to declines in printing orders for magazines and other paper media, and in sales by DNP's "honto" hybrid bookstore network, which handles both paper and electronic media and experienced an adjustment from the previous year's surge in stay-at-home demand.

As a result of the above, overall segment sales grew 2.7% year on year to ¥347.8 billion, but operating income fell 4.0% to ¥9.4 billion due mainly to higher raw material prices.

Lifestyle and Industrial Supplies

In the Packaging business, we leveraged the strengths that we developed through making packages for everyday items like foods and household goods, and reinforced our efforts aimed at designing more comfortable lifestyles for people. This combined with other endeavors, such as efforts to develop and sell DNP's eco-friendly "GREEN PACKAGING," resulted in solid sales of film packaging and an increase in net sales.

In the Living Spaces business, sales of interior and exterior decorative materials for residential use grew, as did sales of decorative films for automobile interiors and printed aluminum panels for interior and exterior use in the North American market. Overall Living Spaces sales increased.

In the Industrial High-performance Materials business, demand for lithium-ion battery

pouches for automotive applications increased as the auto production adjustments that had resulted from global shortage of semiconductors ran their course, but demand for IT applications slumped in the mainstay Chinese market. Due to this and other factors, sales for the business as a whole declined.

As a result of the above, segment sales grew 0.8% year on year to ¥192.7 billion but operating income fell 66.8% to ¥2.7 billion due to the significant impact of sharply higher raw material and energy prices.

Electronics

The Display Components business was affected by an inflation-induced worldwide slump in consumer spending in addition to the natural drop following the previous year's boost from stay-at-home demand. With sales of products like smartphones and notebook PCs on the decline, demand for optical films and metal masks used for making organic light-emitting diode (OLED) displays also fell, and overall sales decreased.

In the Electronic Devices business, some lead frames (components used in semiconductor packages) were affected by client companies' inventory adjustments, but demand for photomasks used for making semiconductors remained strong, driven by demand for communications and data center, and automotive applications. Overall, Electronic Devices sales increased.

As a result of the above, overall segment sales fell 0.8% year on year to ¥104.4 billion but operating income grew 8.7% year on year to ¥25.7 billion due to the increase in sales in the Electronic Devices business.

[BEVERAGES]

Beverages

In response to soaring raw material prices and other cost increases, we revised the price of our large PET plastic bottles. In addition, for the first time since we launched "I LOHAS" brand mineral water 13 years ago in 2009, we updated the container to make it even more environmentally friendly and pleasant to use. The new product was first released in Hokkaido. Another area of focus was a Hokkaido-only sales campaign conducted via the "CokeON" smartphone app.

Overall segment sales rose 5.9% from a year earlier to ¥24.3 billion, thanks to a recovery in convenience store sales on top of strong performances online and via supermarkets. Despite the impact of soaring prices of raw materials and energy, operating income amounted to ¥0.1 billion, up 89.2% year on year, helped by controls on sales promotion expenses and other measures aimed at boosting profitability, in addition to increased sales.

Over the past several years, the DNP Group has formulated policies like the "DNP Group Declaration on Health," "DNP Group Diversity Declaration," and "DNP Group Safety and Health Charter" to enable all employees to fully express their capabilities. We are also concentrating on rebuilding various personnel systems. These measures are based on our belief that respecting employees leads to the respected employees driving corporate growth and enriching society. In the fiscal year through March 2023, we positioned this conviction as our "universal and basic approach to human resources" and established it as our Human Capital Policy. We intend to continue building our human capital through active and specific investment in people, with a focus on those employees who are our most important strength as we create new value.

Regarding human rights and labor, which have become particularly important in recent years, the DNP Group Code of Conduct calls for "respect for human dignity and diversity" and requires all of our employees to respect the inherent diversity of all kinds of people and behave in a disciplined manner. In 2020, we formulated the DNP Group Human Rights Policy based on documents like the International Bill of Human Rights and the International Labor Organization's (ILO's) Declaration on Fundamental Principles and Rights at Work. Through these and similar efforts, we will continue to reinforce initiatives aimed at respecting human rights throughout the DNP Group, both in Japan and overseas.

(2) Explanation of the consolidated financial position

Total assets as of the end of the second quarter decreased by ¥61.4 billion from the end of the previous fiscal year to ¥1,815.2 billion due mainly to a decline in investment securities.

Total liabilities declined by ¥50.6 billion from the end of the previous fiscal year to ¥677.6 billion, mainly due to a decrease in deferred tax liabilities.

Net assets decreased by ¥10.7 billion from the end of the previous fiscal year to ¥1,137.6 billion due mainly to a decrease in the valuation difference on available-for-sale securities.

Cash and cash equivalents at the end of the first six months of the fiscal year decreased by ¥27.6 billion from the end of the previous fiscal year to ¥265.6 billion.

Cash flows from operating activities resulted in income of ¥25.9 billion (versus ¥49.6 billion in the same period of the previous year), mostly due to ¥39.4 billion in income before income taxes and non-controlling interests and ¥24.3 billion of depreciation.

Cash flows from investing activities resulted in an outlay of ¥29.6 billion (versus ¥30.2 billion in the same period of the previous year), largely due to the expenditure of ¥28.2 billion for the acquisition of property, plant and equipment.

Cash flows from financing activities resulted in an outlay of ¥29.3 billion (versus ¥49.3 billion in the same period of the previous year) due to such factors as a net decrease of ¥9.6 billion in short-term bank loans, the expenditure of ¥7.1 billion for the acquisition of treasury shares, and dividend payments of ¥8.6 billion.

(3) Explanation of the consolidated earnings forecasts and other projections

Our earnings forecasts for the fiscal year ending March 2023 are unchanged from the forecasts announced on May 13, 2022.

2. Quarterly consolidated financial statements and key notes
(1) Quarterly consolidated balance sheets

(Million yen)

	As of March 31, 2022	As of September 30, 2022
ASSETS		
Current assets		
Cash and time deposits	287,334	255,156
Notes, trade receivables, and contract assets	324,846	315,894
Marketable securities	17,900	22,300
Merchandise and finished products	80,385	84,866
Work in progress	30,980	35,178
Raw materials and supplies	30,255	35,711
Other	33,804	27,334
Allowance for doubtful accounts	(693)	(689)
Total current assets	804,813	775,751
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	160,506	161,422
Machinery and equipment, net	70,830	69,152
Land	139,573	139,641
Construction in progress	25,640	33,979
Other, net	25,325	24,687
Total property, plant and equipment	421,875	428,883
Intangible fixed assets		
Other	27,747	29,694
Total intangible fixed assets	27,747	29,694
Investments and other assets		
Investment securities	410,266	364,150
Other	213,902	218,666
Allowance for doubtful accounts	(1,957)	(1,918)
Total investments and other assets	622,210	580,897
Total fixed assets	1,071,834	1,039,475
TOTAL ASSETS	1,876,647	1,815,226

(Million yen)

	As of March 31, 2022	As of September 30, 2022
LIABILITIES		
Current liabilities		
Notes and trade payables	236,188	222,762
Short-term bank loans	33,990	24,317
Reserve for bonuses	20,367	19,983
Repair reserve	17,252	17,797
Other	98,308	95,438
Total current liabilities	406,108	380,299
Long-term liabilities		
Bonds	102,500	100,500
Long-term debt	14,254	13,066
Repair reserve	28,036	24,045
Net defined benefit liability	55,888	56,782
Deferred tax liabilities	102,275	85,034
Other	19,170	17,873
Total long-term liabilities	322,125	297,302
TOTAL LIABILITIES	728,233	677,601
NET ASSETS		
Stockholders' equity		
Common stock	114,464	114,464
Capital surplus	145,143	145,156
Retained earnings	740,183	759,040
Treasury stock	(133,123)	(140,088)
Total stockholders' equity	866,667	878,572
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	192,994	157,903
Net deferred gains on hedges	45	70
Foreign currency translation adjustments	4,220	16,551
Remeasurements of defined benefit plans	27,932	25,013
Total accumulated other comprehensive income	225,193	199,538
Non-controlling interests	56,552	59,512
TOTAL NET ASSETS	1,148,413	1,137,624
TOTAL LIABILITIES AND NET ASSETS	1,876,647	1,815,226

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income**Quarterly consolidated statements of income
First six months of the fiscal years**

(Million yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	657,168	668,482
Cost of sales	513,517	525,634
Gross profit	143,650	142,847
Selling, general and administrative expenses	112,819	115,256
Operating income	30,831	27,591
Non-operating income		
Interest and dividend income	2,379	2,620
Equity in earnings of affiliates	3,906	6,028
Other	1,996	3,179
Total non-operating income	8,283	11,828
Non-operating expense		
Interest expense	369	341
Contributions	591	713
Other	1,729	1,660
Total non-operating expenses	2,691	2,715
Ordinary income	36,423	36,704
Extraordinary gains		
Gains on sale of fixed assets	5,711	1,156
Gains on forgiveness of debts	–	2,267
Other	2,030	429
Total extraordinary gains	7,741	3,853
Extraordinary losses		
Loss on sale or disposal of fixed assets	800	452
Impairment loss	–	256
Other	349	447
Total extraordinary losses	1,149	1,156
Income before income taxes and non-controlling interests	43,016	39,401
Current income taxes	8,042	8,817
Deferred income taxes	(14)	(33)
Total income taxes	8,028	8,784
Net income	34,987	30,617
Net income attributable to non-controlling shareholders	1,175	2,683
Net income attributable to parent company shareholders	33,812	27,933

Quarterly consolidated statements of comprehensive income
First six months of the fiscal years

(Million yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net income	34,987	30,617
Other comprehensive income		
Valuation difference on available-for-sale securities	42,582	(34,874)
Net deferred gains (losses) on hedges	(7)	25
Foreign currency translation adjustments	4,144	10,419
Remeasurements of defined benefit plans	(2,981)	(3,189)
Share of other comprehensive income of affiliates accounted for using equity method	1,896	2,749
Total other comprehensive income	45,634	(24,869)
Comprehensive income	80,621	5,747
Attributable to:		
Parent company shareholders	79,176	2,278
Non-controlling shareholders	1,445	3,468

(3) Quarterly consolidated statements of cash flows

(Million yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Income before income taxes and non-controlling interests	43,016	39,401
Depreciation	24,821	24,347
Impairment loss	–	256
Increase (Decrease) of doubtful accounts	173	(66)
Increase of net defined benefit asset	(7,299)	(8,982)
Increase of net defined benefit liability	439	2,532
Equity in gains of affiliates	(3,906)	(6,028)
Amortization of consolidation goodwill, net	269	243
Interest and dividend income	(2,379)	(2,620)
Interest expense	369	341
Net (gains) losses on sales of investment securities	(153)	8
Net losses on devaluation of investment securities	149	179
Net gains on sales or disposal of fixed assets	(4,888)	(692)
Decrease in trade receivables	16,528	12,476
Increase in inventories	(11,962)	(10,926)
Decrease in trade payables	(1,797)	(15,922)
Gains on forgiveness of debts	–	(2,267)
Other	3,708	7,737
Sub-total	57,089	40,017
Payments for repair costs	(3,800)	(3,445)
Payments for extra retirement payments	–	(8)
Payment of income taxes	(3,594)	(10,581)
Net cash provided by operating activities	49,694	25,981)
Cash flows from investing activities		
Net (increase) decrease in time deposits	(1,383)	579
Payments for purchases of property, plant and equipment	(30,587)	(28,298)
Proceeds from sales of property, plant and equipment	5,530	333
Payments for purchases of investment securities	(1,239)	(270)
Proceeds from sales of investment securities	402	295
Payments for purchase of intangible fixed assets	(5,616)	(5,831)
Payments for purchase of stock in subsidiaries resulting in change in scope of consolidation	(50)	–
Interest and dividends received	3,349	3,849
Other	(698)	(316)
Net cash used in investing activities	(30,294)	(29,658)

(Million yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from financing activities		
Net decrease in short-term bank loans	(10,349)	(9,697)
Proceeds from long-term debt	246	1,600
Repayments of long-term debt	(1,318)	(2,148)
Payments for redemption of bonds	(85)	(25)
Payments for purchases of treasury stock	(26,156)	(7,159)
Payments for purchases of treasury stock of subsidiaries	(61)	(0)
Interest paid	(375)	(342)
Dividends paid	(8,986)	(8,608)
Dividends paid to non-controlling interests	(427)	(510)
Other	(1,795)	(2,473)
Net cash used in financing activities	(49,309)	(29,365)
Effect of exchange rate changes on cash and cash equivalents	2,044	5,360
Net decrease in cash and cash equivalents	(27,864)	(27,682)
Cash and cash equivalents at beginning of year	304,223	293,361
Increase in cash and cash equivalents resulting from the merger of non-consolidated subsidiaries	15	–
Cash and cash equivalents at end of period	276,374	265,678

(4) Notes regarding quarterly consolidated financial statements

[Notes on premise of a going concern]

None

[Significant changes in shareholders' equity]

Treasury stock increased by ¥6,964 million during the first six months of the fiscal year ending March 2023, due mainly to share repurchases based on a resolution passed by the Board of Directors on May 13, 2022.

[Segment information]

I. First six months of previous fiscal year (April 1, 2021 – September 30, 2021)

Information on sales and income/loss by reporting segment and income analysis information

(Million yen)

	Reporting segment					Adjustment Note 1	Amounts reported on quarterly consolidated statements of income Note 2
	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	Total		
Net sales ^{Note 3}							
Outside customers	337,665	191,096	105,376	23,030	657,168	–	657,168
Inter-segment	1,162	80	–	4	1,247	(1,247)	–
Total	338,827	191,177	105,376	23,034	658,416	(1,247)	657,168
Segment income	9,794	8,277	23,741	64	41,877	(11,045)	30,831

- Notes:
1. Segment income is adjusted for costs related to basic research not assignable to a reporting segment or costs of research shared by different segments.
 2. Segment income is adjusted to reflect operating income as reported on the quarterly consolidated statements of income.
 3. Net sales include both revenue from contracts with customers and other revenue; these are not displayed as separate categories because the former accounts for almost the entirety of sales and the latter is not significant.

II. First six months of current fiscal year (April 1, 2022 – September 30, 2022)

Information on sales and income/loss by reporting segment and income analysis information

(Million yen)

	Reporting segment					Adjustment Note 1	Amounts reported on quarterly consolidated statements of income Note 2
	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	Total		
Net sales ^{Note 3}							
Outside customers	346,941	192,661	104,483	24,395	668,482	–	668,482
Inter-segment	871	112	–	2	986	(986)	–
Total	347,813	192,774	104,483	24,397	669,469	(986)	668,482
Segment income	9,404	2,745	25,795	121	38,067	(10,476)	27,591

- Notes:
1. Segment income is adjusted for costs related to basic research not assignable to a reporting segment or costs of research shared by different segments.
 2. Segment income is adjusted to reflect operating income as reported on the quarterly consolidated statements of income.
 3. Net sales include both revenue from contracts with customers and other revenue; these are not displayed as separate categories because the former accounts for almost the entirety of sales and the latter is not significant.